

Foreword

This is a most timely book. While global attention is increasingly focused on the development dynamics in emerging countries, the policy challenges and tough choices for the vast majority of low- and middle-income countries are easily overlooked. Yet it is in these countries where the gap is greatest between what *needs* to be done and what *can* be achieved by structurally weak states, inexperienced policymakers and incipient institutions. As the authors argue convincingly, markets alone fail to deliver the results developing societies want to see – while their governments' capacities to design and push through effective policies are severely constrained.

Meanwhile, the task ahead is not getting any easier. Globalised markets demand the build-up of ever more competitive industries; new technological trajectories (robotics, artificial intelligence, digitalization) redefine international comparative advantages and the division of labour these in turn generate; poverty and inequality are anything but history; and the imperative of a rapid green transformation to fight climate change, resource depletion and environmental degradation raises hitherto unknown complexities. The authors deserve credit for developing a conceptual framework that allows for a holistic view of these interdependent dimensions of global and country-level development processes.

Against this backdrop, the level of ambition of this book is formidable. Fortunately, the authors are acutely aware of the associated risks. Arguing from a rich base of experience – Tilman Altenburg has engaged in policy-oriented development research for decades; Wilfried Lütkenhorst brings to bear a long career in UN development cooperation – they offer careful reflections and balanced assessments. The book is not about blueprints for action. Rather, it points to hard choices, identifies the limitations of policymakers facing an imperfect world and seeks to develop some signposts for development principles and pathways that may promise success. Above all, it is written in a spirit of modesty vis-à-vis the quest for solutions that are needed to advance developing societies in the direction they themselves want to take.

In addition, in terms of the long-standing industrial policy debate, I consider the more conceptual parts of the book as providing fresh and inspiring insights that go beyond the conventional *state vs market* discourse. Indeed, the authors move from a narrow notion of industrial sector policy to an understanding of industrial policy as driving broader economic and social transformation. The book should make for fascinating reading by development researchers and practitioners alike.

Dirk Messner
Director
German Development Institute